Interest rate on post office Small Savings

*18. SHRI SANJAY NIRUPAM: Will the Minister of FINANCE be pleased to state:

(a)whether Government have lowered the interest rate on post office small savings;

(b)if so, the reasons for taking this decision;

(c)whether Government have considered the effect it would have on small depositors in rural areas who may now become reluctant in depositing their savings and may deposit elsewhere; and

(d) whether State Governments were consulted before taking this decision?

THE MINISTER OF FINANCE (SHRI YASHWANT SINHA): (a) Yes, Sir.

(b)The interest on small savings schemes were last revised in 1993 whereas with the interest rate deregulation, public sector banks had revised their rates of interest number of times since 1993. It was necessary to benchmark the interest rates on small savings schemes to the rates prevalent in the public sector banks/all India financial institutions on similar schemes.

(c)Small savings schemes are designed to cover the different needs of investors and are available on tap around the year in more than 1.5 lakh post offices and branches of public sector banks all over the country. They also carry very attractive returns, substantial tax benefits, a zero risk due to Government of India guarantee as well as easy liquidity. Over five lakh agents facilitate the investor at the grass root level. Therefore, investor confidence is, expected to continue in the schemes in rural
as well as urban areas.

Recommendations of the Committee on Electoral Funding

*19. SHRI K.M. SAIFULLAH:

DR. Y. LAKSHMI PRASAD.

Will the Minister of LAW, JUSTICE AND COMPANY AFFAIRS be pleased to state:

(a)whether the Committee set up on electoral funding has mooted poll funding in kind and recommended an annual pool of Rs. 1200 crores;

(b)if so, the details thereof; and

(c) the action taken in this regard by way of electoral reforms?

THE MINISTER OF LAW, JUSTICE AND COMPANY AFFAIRS (SHRI M. THAMBI DURAI): (a) Yes, Sir. The Committee on State Funding of Elections headed by Shri Indrajit Gupta, MP has recommended partial State Funding, in kind, to the recognized political parties and candidates set up by them. In this respect, the Committee has recommended creation of a separate Election Fund to which the Central Government may contribute at the rate of Rs. 10/- per elector i.e. about Rs. 600 crores annually. The State Governments also, all taken together, may contribute proportionately Rs. 600 crores annually to the Fund.

(b) A statement containing gist of recommendations made by the Committee is laid on the table of the House. (*See* below)

(c) The reccommendations of the Committee on State Funding of Elections would be discussed with political parties.

Statement

Gist of recommendations of Committee on State Funding of Elections

L *State Funding of Elections:* The Committee has recommended, to begin with, only partial State assistance, in kind only in the form of certain facilities, to recognised political parties in a way that it provides them relief not only in carrying out their electoral activities and meeting partly the cost of essential items of electioneering campaigns of their candidates, but also helps them partially in the current administration of their day to day functioning during non-election period. Gradually, more and more of their expenses' burden can be progressively shifted to the State so that ultimately all their legitimate expenses become a charge on the State. In this respect, the Committee has recommended creation of a separate Election Fund to which the Central Government may contribute at the rate of Rs. 10/- per elector i.e. about Rs. 600 crores annually. The State Governments also, all taken together, may contribute proportionately Rs. 600 crores annually to the Fund.

In its report, the Committee has also specified the nature of facilities to be provided to the recognised political parties and their candidates at State cost. These include:—

(I) *For Recognised Political Parties:*

(i) Suitable rent - free accommodation for its headquarter.

(ii) One rent-free telephone, with STD facility with a specified number of telephone calls over and above the free calls permitted to any subscriber.

(iii) Sufficient free air time on the State owned media, certain additional time on the basis of votes polled, permission to use the allotted time for their propaganda in the manner they like and not necessarily for speeches alone.

(iv) Regulation of private channels for fair and balanced presentation of the views of all parties]

II. *For Candidates of Recognised Parties:*

(i) Specified quantity of petrol/diesel.

(ii) Specified quantity of paper for printing.

(iii) Postal stamps of a certain specified amount.

(iv) Five copies of electoral rolls in addition to the copies of the rolls persently being provided as per rules.

(v) For an assembly election, one set of loudspeakers and for a parliamentary election, one set of loudspeakers for every assembly segment, subject to a maximum of six such sets.

(vi) For an assembly election, one telephone with a specified number of free calls, and for a parliamentary election, at the rate of one telephone for every assembly segment, subject to a maximum of six telephones.

(vii) On the day of poll, some minimum arrangements may be made for the candidates' camps at each polling station.

(viii) Supply of refreshments and food packets to the counting agents inside the counting hall.

2. *Maintenance of Accounts by Political Parties and Audit thereof:*

(i) Political parties should compulsorily submit their annual accounts regularly to the Income Tax Authorities showing all details of their receipts and expenditure.

(ii) No political party which has failed to submit its annual return for the previous assessment year under the Income Tax Act should be eligible for any State funding.

(iii) The Chartered Accountant may be selected by the political party itself. The Income Tax authorities will, however, be free to have a further check by their own agencies of returns submitted by parties.

(iv) Each party receiving State subsidy should also file a complete account of its election expenditure during an election to the Election Commission in the format prescribed by the Commission.

(v) All subscriptions, donations received by a party above the amount of Rs. 10,000/ - should be by means of a cheque/bank draft and should be mentioned in party accounts.

3. *Ban on donation by Companies to Political Parties:* The question whether there should be any ban on donations by companies and corporate bodies for political purposes may be decided by the Government and Parliament in their collective wisdom. Ban on donation by Government Companies for political purposes should continue.

4. *Inclusion of Expenses of Political Parties in the Election Expenses of Candidates for the purposes of Ceiling on Election Expenses:* The question whether election expenses of political parties and other bodies or associations and individuals should be included or not in the accounts of election expenses of candidates may be decided by the Government/Parliament in their collective wisdom. However, apparent contradiction between the provisions of Section 77(1), Explanation 1 of Representation of the People Act, 1951 and Section 171H of Indian

Penal Code needs to be resolved as the former permits political parties and all other bodies or associations or individuals to make election expenses for any candidate without his authorisation whereas the latter prohibits it.

5. *Empowering of the Election Commission of India to fix Ceiling on Election Expenses before every general election:* Periodic revision of election expenses may continue to be done by the Central Government in consultation with the Election Commission of India as at present.

Proposals on Himachal Pradesh Cooperative Societies

*20. SHRIMATI CHANDRESH KUMARI: Will the Minister of FINANCE be pleased to state:

(a) whether some proposals on the Himachal Pradesh Cooperative Societies are lying pending with the Reserve Bank of India for a long time;

(b) if so, the details thereof;

(c) whether the Govt, propose to issue instructions to the RBI to accord approval to these proposals; and

, (d) if so, details thereof and if not, reasons therefor?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (BANKING, REVENUE AND INSURANCE) (SHRI KADAMBUR M.R. JANARTHANAN): (a) to (d) The Hon'ble Member is presumably referring to the Draft Himachal Pradesh Cooperative Societies Bill, 1997 which was referred to Reserve Bank of India (RBI) by Government of India in August 1997 for comments on the constitutional validity of the Bill, conflict with existing Central Laws, and deviation, if any, from existing national or central policy which may be a hindrance to enactment of uniform laws for the country. The views of the RBI have been conveyed to the Ministry of Home Affairs who have since conveyed the same to the State Government in September, 1998.

WRITTEN ANSWERS TO UNSTARRED QUESTIONS

Indigenous Production of 100 seater Planes

1. SHRI **K.** KALAVENKATA RAO:
SHRI JANARDHANA POOJARY:

Will the Minister of CIVIL AVIATION be pleased to state:

(a) whether Government propose to undertake Indigenous production of 100 seater passenger planes;

(b) if so, the details thereof;

(c) how the cost of fuel would be met with a 100 seater passenger plane; and

(d) the number of aircraft proposed to be manufactured and the factory that will manufacture the aircraft?

THE MINISTER OF CIVIL AVIATION (SHRI ANANTH KUMAR): (a) to (d) The programme of indigenous production of 100 seater passenger aircraft is still in the stage of conceptualization.

Corporatization of airports

2. SHRI AMAR SINGH: Will the Minister of CIVIL AVIATION be pleased to state:

(a) whether Government have approved corporatization of the airports and if so, the details thereof; and

(b) the details of airports which are likely to be corporatized during the current year?

THE MINISTER OF CIVIL AVIATION (SHRI ANANTH KUMAR): (a) and (b) Yes, Sir. The Government of India has decided to corporatise the airports at Delhi, Mumbai, Chennai, Calcutta and the new airport to be constructed at Bangalore. **AAI** is in the process of appointing financial and legal consultants to advice AAI on the modalities and extent of private sector participation and related issues.

Foreign participation in management of Airports

3. SHRI SURYABHAN PATIL VAHADANE: Will the Minister of CIVIL AVIATION be pleased to state:

(a) whether Government have taken a